

DOCUMENT RESUME

ED 131 236

CE 008 302

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TITLE Cost Analysis of Correctional Standards:
Institutional-Based Programs and Parole. Volume 1.
INSTITUTION American Bar Association, Washington, D.C.
Correctional Economics Center.
SPONS AGENCY National Inst. of Law Enforcement and Criminal
Justice (Dept. of Justice/LEAA), Washington, D.C.
PUB DATE Jan 76
GRANT 74NI-99-0042
NOTE 27p.; For a related document see CE 008 303

EDRS PRICE MF-\$0.83 HC-\$2.06 Plus Postage.
DESCRIPTORS *Construction Costs; Correctional Education;
Correctional Rehabilitation; *Corrective
Institutions; *Cost Effectiveness; Costs;
Expenditures; Legal Responsibility; Prisoners;
*Program Costs; *Standards; State Standards;
Vocational Education

ABSTRACT

One of two volumes, Volume I is intended for use by criminal justice system administrators, legislators, and others in need of a reference to the policy issues surrounding institutional-based programs and parole, particularly those related to cost and implementation of correctional standards. (Volume II, which is intended for use by planners and analysts, provides more detailed discussion of cost implications of the standards and demonstrates techniques applicable to estimating costs of alternative correctional programs for a particular jurisdiction. Both are based on research to analyze and estimate the costs of implementing standards of the "Corrections Report" issued in 1973 by the National Advisory Commission on Criminal Justice Standards and Goals.) This document has three parts. Part 1 assesses the economic costs of standards for the maintenance of offenders in institutional and parole programs including design of prison and jail facilities, staff size and quality in custodial programs and parole, basic support for offenders, and foregone productivity associated with incarceration. Part 2 examines some proposed expansions and changes in existing programs: academic and vocational training, institutional work experience in prison industries and maintenance activities, the payment of prevailing wages to inmate workers, furlough and release programs, and financial support for parolees. Part 3 analyzes selected recommendations in the area of offenders' rights: constitutional guarantees and legal services for prison and jail inmates, institutional disciplinary and grievance procedures, and reform of parole grant and revocation hearing procedures. Also included are criminal justice system public expenditure estimates for alternative institutional-based programs. (HD)

ED131236

COST ANALYSIS OF CORRECTIONAL STANDARDS: INSTITUTIONAL-BASED PROGRAMS AND PAROLE³ VOLUME I

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By

**Neil M. Singer
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This project was conducted by the Correctional Economics Center under Grant No. 74NI-99-0042 awarded to the American Bar Association by the National Institute of Law Enforcement and Criminal Justice, Law Enforcement Assistance Administration, U. S. Department of Justice, under the Omnibus Crime Control and Safe Streets Act of 1968, as amended. Points of view or opinions expressed in this document are those of the author and the Correctional Economics Center and do not represent the official position or policies of the U. S. Department of Justice or the American Bar Association.

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JANUARY 1976

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PREFACE

Cost analysis undertaken by the Standards and Goals Project has had two purposes:

- To analyze and estimate the costs of implementing Standards of the Corrections Report, issued in 1973 by the National Advisory Commission on Criminal Justice Standards and Goals (policy-oriented purpose);¹
- To provide cost guidelines and estimation techniques for use by jurisdictions in assessing costs of their own ongoing or contemplated activities (technical purpose).

The Project is presenting the results of its cost analysis of institutional-based programs and parole in two volumes. Focusing on the policy objective, this volume:

- Provides brief background on the Corrections Standards relating to institutional-based programs and parole;
- Presents findings of the cost analysis and briefly explains the methodology used so these findings can be interpreted accurately;
- Highlights the policy implications of the results.

Volume I is intended for use as a separate document by criminal justice system administrators, legislators and others in need of a reference to the policy issues surrounding institutional-based programs and parole, particularly those related to cost and implementation of correctional standards. In addition, it is designed as a companion summary to Volume II which is intended for use by planners and analysts. Volume II provides more detailed discussion of cost implications of the Standards and demonstrates techniques applicable to estimating costs of alternative correctional programs for a particular jurisdiction.

¹U.S., National Advisory Commission on Criminal Justice Standards and Goals, Corrections (Washington, D.C.: Government Printing Office, 1973); hereafter referred to as Corrections.

INTRODUCTION

The Standards and Goals Project's analysis of institutional-based programs and parole is in three parts. Part one assesses the economic costs of Standards for the maintenance of offenders in institutional and parole programs, including: design of prison and jail facilities, staff size and quality in custodial programs and parole, basic support for offenders, and foregone productivity associated with incarceration. Part two examines some proposed expansions and changes in existing programs: academic and vocational training, institutional work experience in prison industries and maintenance activities, the payment of prevailing wages to inmate workers, furlough and release programs, and financial support for parolees. Part three analyzes selected recommendations in the area of offenders' rights: constitutional guarantees and legal services for prison and jail inmates, institutional disciplinary and grievance procedures, and reforms of parole grant and revocation hearing procedures.

Included in the analysis are three types of costs: criminal justice system public expenditures, most of which will appear in the correctional administrator's budget; external costs borne by non-criminal justice agencies and private individuals or groups; and opportunity costs associated with the fact that when one activity is undertaken, another is foregone.

Following separate summaries of cost analysis of Standards related to offender management, new and expanded programs, and offender rights, this volume presents a set of criminal justice system public expenditure estimates for alternative institutional-based programs which include all three components. These estimates highlight differences between specific activities and criminal justice costs of existing and proposed programs which would meet selected Standards in the Corrections Report.

RELATIONSHIPS BETWEEN COSTS OF INSTITUTIONAL-BASED PROGRAMS AND PAROLE AND THEIR BENEFITS, OUTPUTS AND EFFECTS

Although the focus of this report is on the costs of different components of institutional-based and parole programs, it is important to keep in mind that cost analysis, by itself, does not provide sufficient information on which to base policy decisions which are likely to lead to efficient or optimal resource allocation. At several points in this report, therefore, costs of specific activities or decisions (vocational training and revised parole procedures, for example) have been related to benefits which may be achieved. More general discussion of analysis and issues surrounding the relative benefits, outputs and effects of institutional-based programs and parole, as contrasted with other community-based programs, is planned for the Project's summary report.

PART ONE: MANAGEMENT OF OFFENDERS

Standards in the Corrections Report recommend institutional design very different from past and current practice. Institutions should be small, accessible to the community, and considerate of offenders' rights and privacy. Jails should make provision for the differences in status among jail inmates, over half of whom are in pretrial detention. Many other jail inmates should participate in community release programs, obviating the need for the high-security facilities characteristic of contemporary jails.

An analysis of recent experience yields the conclusion that there are no significant economies of scale in designing large institutions. Mean construction cost per bed for recently constructed high-security institutions is \$37,117; for mixed-security institutions, \$28,480; and for jails, \$27,342. Cost per bed does not vary widely for the different elements of a multi-purpose, community-based institution. These construction and equipment costs must be amortized over the useful lifetime of the institution. A rate of ten percent is estimated to reflect interest, retirement of principal, and a small allowance for risk and uncertainty in capital markets. Such an annual capital cost estimate needs to be added to annual operating costs to arrive at a total annual cost estimate for custodial and basic support services.

Operating costs for only custodial and basic support services for existing jails and state institutions are estimated at \$3,874 and \$5,011 per inmate year, respectively. Raising the custodial staff of existing jails to meet the ratio of one custodian for every six inmates recommended in the Report would add \$345 per inmate year to jail costs nationwide. It would also involve a major redistribution of staff among existing jails, whose staffing patterns vary dramatically.

No precise staffing targets for institutions or non-custodial staff in jails are included in the Corrections Report. However, a comparison of total custodial and support staff for existing institutions with model staffing proposed by the 1967 President's Commission on Law Enforcement and Administration of Justice and existing less secure, community-based facilities (halfway houses) suggests that the custodial and basic support costs of existing institutions may be higher than the same costs for proposed community-based institutions or the staffing patterns recommended by the 1967 Task Force.¹

¹Such staffing differences are explicitly included in the estimates for custody and support costs for different types of existing and proposed institutions presented in figure 1, and play a major role in producing the differences shown in estimated criminal justice system expenditures per inmate year.

The facility and operating costs discussed above represent the burden on only the criminal justice system. They do not include the cost to society and the inmate because the inmate is not employed productively, or the costs that society bears in supporting the inmate's dependents, or the costs that other public or private agencies supplying services to inmates (for example, public health agencies) bear. The foregone productivity (in technical terminology, an opportunity cost) associated with the fact that many inmates are not employed at all, or are underemployed in tasks which do not make full use of their skills or which they perform inefficiently, is considerable. Its aggregate value in 1974 has been estimated at \$946 and \$972 million, for state institutions and jails, respectively, allowing for a 15 percent unemployment rate for inmates had they been seeking employment in the private economy. (These aggregate values are associated with losses per inmate year of approximately \$5,212 and \$7,125, for state institutions and jails respectively.) Based on inmate reports of income received in the year preceding incarceration (for inmates in jails in mid-1972), the foregone earnings of inmates incarcerated in jail in calendar 1974 have been estimated at about \$3,740 per inmate year.¹ (Better prison industries programs and institutional maintenance work which are linked with paying inmates prevailing wages, recommended in the Report and discussed below, would reduce these costs substantially for all inmates participating in these programs.) Insufficient data exist on which to base national estimates of costs associated with services to inmates provided by non-criminal justice agencies or volunteers, or increased welfare payments to dependents of inmates. However, such costs need to be considered as institutional-based programs are developed, and as pretrial and sentencing decisions regarding individual offenders are made. (Only the addition to such costs because a person is institutionalized can be attributed to incarceration.)

The Standards for size and qualifications of parole boards and their staffs imply an average annual budget of about \$400,000. Much of the additional cost (over current parole board budgets) would probably be recovered in reduced incarceration costs resulting from more frequent parole grant and revocation hearings, as well as "better" (more carefully considered) decisions in cases that are heard. The Standards dealing with the salaries and qualifications of parole officers do not appear to have significant cost implications, but benefits might arise from improved competence or more selective assignment of officers to offenders.

The Corrections Report advocates flexible parole workloads on the model of the Work Unit Program in California, a high-intensity supervision program costing about 250 percent as much per case as conventional parole, or roughly \$750 per parolee. Although the evidence of differential parolees success under intensive supervision is mixed, the differential cost is so small compared to the cost of imprisonment that the intensive program appears justified. The justification is strengthened by the possibility of avoiding the expense of parole revocation procedures, which have recently become very costly due to court-mandated protection of parolees' rights (discussed in part three).

¹For discussion of possible reasons for differences in the estimates of foregone earnings and productivity loss of jail inmates mentioned above (\$3,740 and \$7,125 per inmate year, respectively), see Volume II of this report.

PART TWO: NEW AND EXPANDED PROGRAMS

Surveys of academic and vocational education in prisons usually conclude that the programs exist but that resources are inadequate; in jails, in contrast, education and training usually are unavailable. The Corrections Report advocates that all correctional institutions provide a full range of educational resources to inmates. Based on current enrollment and funding levels in several systems, the incremental cost of academic education through high school equivalency is estimated at about \$4,000 per enrollee or \$1,000 per inmate year, minus whatever expenditures are now made. The cost of post-secondary schooling is much lower, even if it is made available to all inmates free of tuition or other charges, because no more than six to ten percent of all inmates can be considered potential enrollees in higher education programs.

Unlike academic programs, prison vocational education seems not to be more expensive than non-institutional programs, but the estimate of \$2,000 per vocational trainee derived from prison, classroom, and "special" programs (such as MDTA and Job Corps) implies an overall expenditure of \$54 million or about five percent of current operating costs for prisons alone. If costs per trainee and participation rates in jails matched those in prisons, the aggregate cost of vocational training to meet the Standards could be close to \$100 million annually.¹ Not all of this cost would be incremental, since current expenditures per enrollee in some institutions are as high as \$1,000 per year.

¹Statistics prepared for this report which are estimates of the national expenditure required to meet specific Standards (such as those presented above for vocational training) are based on the most recent daily population statistics which were available at the time this report was being prepared. For state institutions, this was an estimate of 181,534 inmates on December 31, 1973, which included all prisoners who had been sentenced as adults or youthful offenders and whose maximum sentence length was a year and a day or longer, from National Prisoner Statistics prepared by the U.S. Law Enforcement Assistance Administration. For local institutions (jails), this was an estimate of 136,388 inmates in mid-year 1972, which included all inmates 18 and older from the 1972 Survey of Local Jails conducted by the U.S. Law Enforcement Assistance Administration and the U.S. Bureau of the Census. If there has been an increase in institutionalized populations since that time, as some later statistics seem to indicate, national cost estimates presented in this report need to be adjusted accordingly.

Against these costs should be weighed the value of education or training of the offender. Economic analyses generally find that the increased income attributable to education or vocational training exceeds the cost of schooling, but these findings are not immune from technical criticism. A more serious problem is that the income potential of offenders may fall short of that of the population at large due to barriers in the way of ex-offender employment. And even if no such barriers exist (or if they can be overcome), correctional systems must realize that they bear the costs of the programs while the benefits accrue to the offender and society at large. These arguments do not imply that education and training should not be funded by or undertaken in institutions; they merely suggest that correctional authorities take a broader view of the impact of their policies than one limited to their own budgets.

Even more significant implications are present in the Standards dealing with prison work and pay and furlough programs. About 75 percent of prison inmates probably are employable, compared with current nominal employment of about 40 percent and productive employment of less than half that many offenders.¹ For inmate employment to reach its potential capital equipment and production techniques in prison industries would have to be upgraded and barriers to the sale of prison-made goods would have to be removed. The latter act is relatively costless, especially since potential inmate productivity is small (in the aggregate) compared to the private labor force.

Renovating and expanding the equipment and structures used in prison industries, however, would be very expensive. Estimates from the private sector imply that the efficient level of capitalization in prison industries would be approximately \$27,500 per employee. In contrast, current capital stock per inmate employee is estimated to be about \$5,000 or 20 percent of the optimal figure, in one state for which data are available. Even allowing for the value of capital equipment currently in use, the cost of making prison industries competitive with private firms can be estimated at well over \$1 billion and probably closer to \$2 billion (\$10,000 to \$15,000 per inmate employed in prison industries).²

¹These estimates include current employment in prison industries and institutional maintenance work.

²These estimates are based on the number of inmates currently in state institutions. In the cost estimates shown in figure 1 of this report, provision is made for prison industries in proposed community-based as well as state institutions. (Community-based institutions are estimated to have a smaller proportion of their inmates in prison industries, 32 percent as compared with 65 percent, because one-third are estimated to be employed in the community.) Since community-based institutions are envisioned to serve inmates who would have been in jails as well as state institutions under earlier programs, it is possible that the total cost of capital for prison industries in both types of institutions might even exceed \$2 billion.

Against these enormous costs, however, correctional institutions would receive enormous cost offsets. The largest offset is the value of the additional goods produced by inmate workers. Value added per employee in the private sector—the value of goods produced, net of materials costs—is about \$15,000. If prison industrial output could be upgraded to this figure, capital costs could be amortized in ten years, even with inmate wages increased to levels prevailing in private industry. In the latter case, institutional budgets could take a further offset in the form of deductions from inmate pay for subsistence costs. In one state where a system similar to that just described is in use, deductions from inmate pay are \$121 monthly, or nearly \$1,500 per inmate year. This amount is a sizable offset to institutional operating costs. (A somewhat more conservative estimate of \$1,200 per inmate year is used in deriving net criminal justice system cost estimates for proposed institutions in figure 1 of this report.)

As an alternative to increasing the capital stock used in prison industries, correctional systems could experiment with the "contracting in" system now under development in Minnesota. Private employers are permitted to establish operations within institutions, employing inmates but using equipment owned by the private firms. The sole cost to the correctional system is a small rent subsidy offered to the private employers. Advantages claimed for the method are that idleness is reduced, useful skills are learned, inmates are able to support their dependents and amass savings, and institutional costs are reduced by subsistence deductions from inmates' paychecks.

Increased productivity in prison industries implies that prevailing wages could be paid to inmates, as the Corrections Report suggests, with no net budgetary drain upon correctional institutions. If inmate value added rose to the private sector average of \$15,000 and inmates were paid their private sector productivity of approximately \$9,150 plus fringe benefits, there would still be nearly \$4,500 per employed inmate left with which to amortize capital equipment. The problem with paying prevailing wages is the inequity posed for inmates who work at maintenance activities or are otherwise occupied. One solution is to pay not prevailing wages but minimum wages (\$2.00 per hour as of May 1, 1974, rising to \$2.30 as of January, 1976) to institutional workers, on the grounds that they are less skilled than employees of prison industries. The cost of paying minimum wages depends on the number of inmates necessary to operate maintenance activities. This number is variously estimated at 10 to 30 percent of the inmate population; the cost of paying minimum wages and fringe benefits is therefore 8 to 25 percent of current state institutional operating costs.

The only budgetary offset to this increased cost is the subsistence deductions that could be taken from maintenance workers' paychecks. A state (rather than a correctional system) could also benefit to the extent that inmate incomes became taxable. Conversely, costs of paying minimum wages for maintenance work would be higher (in the aggregate) if jail inmates as well as those in prison were eligible for such wages. Even if the proportion of the inmate population productively engaged in maintenance activities is only ten percent, the cost of minimum wages and fringe benefits before budgetary offsets could reach over \$150 million.

In contrast to these programs, the recommendations of the Corrections Report for improved services to released offenders do not have major cost implications. Work release, for example, need impose little net budgetary drain if offenders are charged for the additional services they receive, such as transportation and supervision while away from the institution. There will, however, be some cost for staff employed in job placement and coordination of release programs. When operated out of jails or community-based institutions rather than more remote major institutions, work release or furlough programs could return net financial benefits to the correctional system.

Other furlough programs, such as study release and family visits, do not have the same potential for budgetary cost offsets. But their budgetary impacts are likely to be negligible. Similarly, family furloughs by their nature do not entail supervision of the released offender. If inmates are furloughed to other community-based services for which payment is made by non-criminal justice agencies, such actions incur external costs. Examples of such costs include drug treatment, which can cost anywhere from approximately \$1,278 to \$6,254 per client year depending on the treatment modality, and education in a four-year public college costing an estimated \$541 per client year for tuition alone. Transportation costs to and from such activities are likely to be borne by the correctional system.

One Standard with specific financial implications is the recommendation that parolees be given access to funds to aid them during their adjustment to free society. From a broader economic perspective, a cash payment to an ex-offender increases the opportunity cost associated with potentially committing a crime, as the ex-offender has a certain source of income with which to contrast the expected income which could be gained illegally in criminal activities. Stipends and loans have been offered by several states, with mixed results and relatively low costs. The most positive finding was that \$780 over three months significantly reduced the probability of rearrest for theft, for a group of Maryland parolees. Loans have similar costs, since the bulk are not repaid. The Maryland study implies a cost offset for the correctional system of \$400 against the expenditure of \$780; in addition, there are presumably other benefits to society from a lower incidence of theft.

Like stipends or loans, job placement programs for parolees appear intuitively to be desirable, for the likelihood of recidivism would seem inversely related to employment. In practice, job placement programs have had favorable impacts on job retention and recidivism in some, but not all, jurisdictions where they have been used. The cost per placement is generally lower than the average stipend.

PART THREE: OFFENDERS' RIGHTS

The Corrections Report makes numerous recommendations dealing with the rights of inmates. Many of them pertain to constitutional guarantees such as free speech, religious freedom, and access to the public. Although many of these Standards imply major changes in the procedures of correctional institutions, the cost implications do not appear to be great.

There are significant implications, however, in the Standards that discuss offenders' access to the legal system. Meeting court-mandated standards for legal library materials could cost \$20,000 to \$30,000, plus annual costs of maintaining the collection. (This factor is included as part of the cost estimate for libraries in figure 1.) Much higher costs are implicit in the requirement that all inmates should have access to legal services for criminal and civil matters. Experience with programs offering limited free legal services (primarily in civil matters) for inmates in 15 jurisdictions is associated with costs per offender of \$28 to \$48 annually. Making allowances for the comprehensive legal services proposed in the Standards, which are to cover criminal appeals, civil rights, and disciplinary procedures as well as more routine civil matters, may increase the average cost to \$50 to \$100 per inmate year.¹ Using an intermediate estimate of \$75 per inmate year (which is also used in figure 1), the aggregate costs for comprehensive legal services for all inmates in state institutions would be approximately \$13.6 million annually, while serving jail inmates would cost another \$10.2 million annually. Although these costs are large in absolute terms, they are hardly noticeable compared to current institutional operating costs of approximately \$4,300 and \$5,700 per inmate year. In addition, some cost offsets may be available if legal services act to reduce the average length of term.

Another set of Standards deals with institutional procedures, and specifically with inmates' rights in disciplinary and grievance matters. Most of the recommendations for disciplinary procedures appear to be substantially in effect in most jurisdictions, according to a recent survey conducted by the American Bar Association's Center

¹Another factor that lends support to estimating that the cost of providing the comprehensive legal services proposed in the Standards may be considerably higher than the cost of existing correctional activities, perhaps \$75 or more per inmate year, is the cost experience of existing group and prepaid legal service plans. Depending on the type of delivery system, such plans cost from \$30 to \$75 per year in 1975, and provide very limited, if any, coverage for felony matters. For more information, see Prepaid Legal Services: How To Start a Plan (Glastonbury, Conn. and Washington, D.C.: Futures Group and National Consumer Center for Legal Services, 1975).

on Correctional Law and Legal Services, and those that are not do not seem to be costly to implement. With regard to grievance procedures, the Standards are less explicit but the cost implications are more significant. Based on a sample of current procedures, grievance mechanisms cost roughly \$5 to \$71 per inmate year. While considerable variation can be expected due to either the type of grievance procedure used or inmates' willingness to use it, even the upper end of the range of costs hardly seems significant compared to current institutional operating costs. (The estimate of \$60 per inmate year used in figure 1 is assumed to allow for a relatively high degree of inmate use.)

The Corrections Report also advocates certain procedures for guaranteeing parolees' rights in parole grant and revocation hearings. The principal cost implications of the Standards for the parole grant hearing all work in the direction of lower costs and budgetary savings: simplified procedures, fewer examiners, and a presumption of eligibility after expiration of the inmate's minimum sentence. Against these savings, the Report advocates providing counsel for each inmate. But all of these financial implications are dwarfed by cost savings if improved parole decision-making results in smaller institutional populations (see earlier discussion of parole under part one).

Recent court decisions have expanded parolees' rights in parole revocation hearings, and the Standards serve largely to codify these changes. For example, written records, due process, and counsel are to be provided to parolees. In turn, parole boards must bear the costs of additional preparation and staff time, and perhaps the services of additional hearing examiners. The Standards also call for prerevocation hearings, before the full parole board hears the merits of a case.

Estimates from California suggest that the costs of complying with this two-stage hearing process are substantial, compared to traditional parole board practices. The full sequence of hearings could cost \$700 per case, compared with about \$40 for the more usual, more casual revocation hearing. The cost of the Standard would be even higher if free legal services were included. But the cost of implementation has a substantial offset if the Standard serves, as intended, to reduce the extent of revocation and imprisonment of parolees. Even at \$700 or more per revocation hearing, the cost of the Standards is small compared to the alternative: the higher expected cost of incarceration.

CRIMINAL JUSTICE SYSTEM PUBLIC EXPENDITURE ESTIMATES
FOR ALTERNATIVE INSTITUTIONAL-BASED PROGRAMS

It is possible to combine the Standards related to institutional-based programs, whose cost implications have been summarized in the preceding sections, in many different ways. For example, a new or remodeled facility which meets the Report's guidelines may or may not be associated with expanded and updated prison industries or legal services. In terms of estimated criminal justice system costs per inmate year, the 20 activity/cost elements shown in figure 1 (some of which may be further subdivided) can be combined in many different ways.

The four types of institutions for which cumulative programs and cost estimates are shown in figure 1 are only illustrative. They are, however, an important four, since together they show how costs for the two most common types of existing institutions (jails and high-security state institutions) compare with proposed institutions (community-based and state institutions with considerably expanded programs) meeting the Standards.

More specifically, the four types of institutions for which cumulative average criminal justice costs per inmate year are estimated in figure 1 are:¹

Existing Local Nonjuvenile Institution (Jail). This type of institution has structural characteristics like those of recently constructed high-security jails. Its staff and services are like those of the average nonjuvenile local institution (jail) in fiscal 1973.

Existing State Nonjuvenile Institution. This type of institution has structural characteristics like those of recently constructed, high-security institutions. Its staff and services are like those of the average state nonjuvenile institution in fiscal 1973.

¹Several different characteristics are used in classifying institutions for different types of cost estimates (security, location, level of government, and so forth), due to differences in the source data used to calculate the estimates.

Proposed Community-Based Institution. This type of institution has the structural characteristics of recently constructed mixed-security institutions. Its custodial and support staff and services for high-security inmates are modeled after recommendations of the 1967 Task Force on Corrections, President's Commission on Law Enforcement and Administration of Justice; custodial and support staff and services for low-security inmates are modeled after staffing patterns for existing halfway houses. Program staff and services are associated with specific recommendations for academic and vocational training, prison industries, and libraries in the Corrections Report. Allowances for offender rights' services and inmate payments are also based on recommendations in the Report.

Proposed State Institution. This type of institution has the structural characteristics of recently constructed high-security institutions. Its custodial and support staff and services are modeled after the 1967 Task Force's recommendations. Program staff and services are associated with specific recommendations for academic and vocational training, prison industries, and libraries in the Corrections Report. Allowances for offender rights' services and inmate payments are also based on recommendations in the Report.

In interpreting and utilizing any of the estimates shown in figure 1, the following should be kept in mind:

- Even if a proposed institutional-based program contained all of the proposed activities shown in figure 1, it would not necessarily be consistent with all of the Standards in the Corrections Report. Standards singled out for analysis by the Standards and Goals Project are those for which economic significance could plausibly be assumed, and for which data were available to estimate economic impacts. Specifically avoided because of an absence of conclusive analysis of their impact on the post-release economic behavior of offenders were traditional counseling, transactional analysis, reality therapy, forms of behavior modification, psychotherapy, and other approaches to corrections based on the "treatment model" discussed in the Report.
- The cost estimates shown in figure 1 are the best approximations for national averages (in 1974 dollars) which could be derived, given data and resource limitations the Standards and Goals Project faced. It is expected that these estimates will need to be adjusted to reflect local

Figure 1

Estimated Criminal Justice System Public Expenditures for Four
Approaches to an Institutional-Based Program (1974 Dollars)

Activity/Cost Element	Average Cost Per Inmate Year (1974 Dollars) ^a	Existing Institution		Pro Comm Bas
		Local Nonjuvenile	State Nonjuvenile	
<u>Custody and Basic Support Cost</u>		(6,608)	(8,723)	(7,2
<u>Capital Cost</u>				
Jail	2,734	2,734	--	--
Mixed-Security Institution	2,848	--	--	2,8
High-Security Institution	3,712	--	3,712	--
<u>Operating Cost</u>				
Existing Institution ^a				
Local Nonjuvenile	3,874	3,874	--	--
State Nonjuvenile	5,011	--	5,011	--
"Model" Institution				
Existing Jail with Increase to 1 Custodian Per 6 Inmates	4,219	--	--	--
Institution with Task Force Staffing ^b	3,453	--	--	--
Institution with Task Force/Halfway House Staffing ^b	3,946	--	--	3,94
Inmate Labor (10% of Inmates Paid National Minimum Wage) ^d	478	--	--	478
<u>Program Cost</u>		(433)	(716)	(1,4
Existing Institution ^a				
Local Nonjuvenile	433	433	--	--
State Nonjuvenile	716	--	716	--
Secondary Education (25% of Inmates Participating) ^c	1,000	--	--	1,00
Post-Secondary Education (10% of Inmates Participating) ^c	37	--	--	--
Vocational Training (15% of Inmates Participating) ^c	300	--	--	300
Prison Industries ^f	0 ^f	--	--	--
Library Services	100	--	--	100
<u>Offender Rights Cost</u>		(0)	(0)	(1
Access to the Legal System	75	--	--	--
Non-disciplinary and Grievance Procedures	60	--	--	--
 <u>Cost to the Criminal Justice System Before Inmate Payment</u>		 (7,041)	 (9,439)	 (8,84
 <u>Inmate Payment</u>				
For Basic Support (75% of Inmates Participating) ^{c,e}	900	--	--	900
For Post-Secondary Education (To Cover 50% of Activity Cost) ^e	19	--	--	19
<u>Total Inmate Payment</u>	--	(0)	(0)	(91
 <u>Net Criminal Justice System Public Expenditures</u>	--	 <u>\$7,041</u>	 <u>\$9,439</u>	 <u>\$7,92</u>

Figure 1

Estimated Criminal Justice System Public Expenditures for Four
Approaches to an Institutional-Based Program (1974 Dollars)

Expenditure	Average Cost Per Inmate Year (1974 Dollars) ^a	Existing Institution		Proposed Institution	
		Local Nonjuvenile	State Nonjuvenile	Community- Based	State
		(6,608)	(8,723)	(7,272)	(7,643)
	2,734	2,734	--	--	--
	2,848	--	--	2,848	--
	3,712	--	3,712	--	3,712
	3,874	3,874	--	--	--
	5,011	--	5,011	--	--
Cost to 1 Custodian Per 6 Inmates	4,219	--	--	--	--
Staffing ^b	3,453	--	--	--	3,453
Halfway House Staffing ^b	3,946	--	--	3,946	--
Inmates Paid National Minimum Wage ^d	478	--	--	478	478
		(433)	(716)	(1,437)	(1,437)
	433	433	--	--	--
	716	--	716	--	--
Inmates Participating) ^c	1,000	--	--	1,000	1,000
of Inmates Participating) ^c	37	--	--	37	37
Inmates Participating) ^c	300	--	--	300	300
	0 ^f	--	--	0	0
	100	--	--	100	100
		(0)	(0)	(135)	(135)
	75	--	--	75	75
Procedures	60	--	--	60	60
<u>System Before Inmate Payment</u>		(7,041)	(9,439)	(8,844)	(9,215)
Inmates Participating) ^{c,e}	900	--	--	900	900
(To Cover 50% of Activity Cost) ^e	19	--	--	19	19
<u>Payment</u>	--	(0)	(0)	(919)	(919)
<u>Public Expenditures</u>	--	<u>\$7,041</u>	<u>\$9,439</u>	<u>\$7,924</u>	<u>\$8,296</u>

(Footnotes for figure 1)

Subtotals are in parentheses.

^aFor detailed analysis and background information on the assumptions (conceptual and statistical) used in estimating the average cost for each of these activity/cost elements, see the text of Volume I and Volume II of this report.

^b"Task Force Staffing" refers to target staffing ratios for custodial and support services suggested in the 1967 Task Force Report of the President's Commission on Law Enforcement and Administration of Justice. "Halfway house staffing" refers to staffing patterns for smaller, community-based activities analyzed in detail in another Standards and Goals Project report on "Halfway Houses." The operation for the third "model" is thus associated with an institution which serves 1/3 of its resident clients as a halfway house and 2/3 as an institution staffed as the Task Force recommends. Staffing for non-residential activities is not included in any of the three activity estimates shown in this figure.

^cThough only the proportion of inmates noted participates in the particular activity, costs have been spread over all inmates to an "average cost per inmate year" estimate shown in this figure.

^dOperating costs for "existing institutions" include payments to inmates employed in institutional maintenance. It is estimated that of the average institution's inmates may be so employed, at an average prison wage of about \$125 per year.

^eOnly those who receive prevailing wages for prison industries, institutional maintenance or employment in the community are assumed to receive support. The amount of \$1,200 per inmate year is estimated to be deducted from such persons' pay for subsistence costs. Payment for education is assumed to be based on the ability to pay.

^fThis estimate of no cost to the criminal justice system is based on the assumption that prison industries are sufficiently productive to offset the cost of the value added receipts of prevailing wages to inmates and capital costs. See the text of this report for analysis and discussion. A difference in participation rates, 32 and 65 percent for community-based and state institutions, respectively, allows for a community for one-third of a community-based institution's residents.

^gNon-capital cost estimates for existing institutions are based on statistics in Expenditure and Employment Data for the Criminal Institutions, 1972-73, prepared jointly by the U.S. Bureau of the Census and the U.S. Law Enforcement Assistance Administration (Washington, D.C., Printing Office, 1975). For more information on techniques and data used to derive costs for nonjuvenile institutions, allocate costs to activity and support and program elements, add allowances for fringe benefits for institutional employees and inflation, and arrive at average cost per inmate year, see Volume II of this report.

round information on the assumptions (conceptual and statistical) used in estimating the average cost per inmate year elements, see the text of Volume I and Volume II of this report.

target staffing ratios for custodial and support services suggested in the 1967 Task Force Report: Corrections in Law Enforcement and Administration of Justice. "Halfway house staffing" refers to staffing patterns for less secure, activities analyzed in detail in another Standards and Goals Project report on "Halfway Houses." The operating cost estimate associated with an institution which serves 1/3 of its resident clients as a halfway house and 2/3 of its resident clients as the Task Force recommends. Staffing for non-residential activities is not included in any of the three "model," nor is shown in this figure.

inmates noted participates in the particular activity, costs have been spread over all inmates to arrive at the estimate shown in this figure.

institutions" include payments to inmates employed in institutional maintenance. It is estimated that as many as 30% of inmates may be so employed, at an average prison wage of about \$125 per year.

ing wages for prison industries, institutional maintenance or employment in the community are assumed to pay for basic per inmate year is estimated to be deducted from such persons' pay for subsistence costs. Payment for post-secondary is on the ability to pay.

criminal justice system is based on the assumption that prison industries are sufficiently productive to allow for costs of prevailing wages to inmates and capital costs. See the text of this report for analysis underlying this assumption rates, 32 and 65 percent for community-based and state institutions, respectively, allows for employment in the community-based institution's residents.

existing institutions are based on statistics in Expenditure and Employment Data for the Criminal Justice System, from the U.S. Bureau of the Census and the U.S. Law Enforcement Assistance Administration (Washington, D.C.: Government Printing Office, 1968). This report contains information on techniques and data used to derive costs for nonjuvenile institutions, allocate costs between custody and supervision, add allowances for fringe benefits for institutional employees and inflation, and arrive at average cost estimates of this report.

conditions and inflation since 1974. For more detailed guidelines on how such adjustments can be made, Volume II of this report should be consulted.

- Included in these cost estimates are only those costs borne by the criminal justice system. In making comparisons between different types of institutional-based programs (and institutional-based and other correctional activities), not only criminal justice system but also external and opportunity costs have to be considered. For example, a major cost difference between the average existing state institution and an institution meeting Standards in the Report regarding prison industries would be a reduction in the opportunity costs of incarceration. This would occur as a majority of the institution's inmates are allowed to earn incomes more closely approximating those they would receive if they were employed "on the outside." Opportunity and external costs for institutional-based programs were summarized earlier in this report and will be highlighted in the summary Standards and Goals Project report which brings together findings from cost analyses for institutional-based and other types of correctional activities.
- There is such a need to distinguish between average cost estimates, such as those shown in figure 1, and measures of marginal cost. The marginal cost for an institutional-based program is the addition to total cost of that program as one more inmate is provided with the program's services. Over an extended period of time (several years), as capital and labor resources can be shifted to meet changing demands for different types of services (correctional, criminal justice or other), marginal and average cost approach each other in value. However, over a shorter period of time (such as the correctional administrator's fiscal year), capital and labor resources are much less flexible and so marginal and average costs can be expected to be quite different. More specifically, because so many correctional costs are fixed, marginal cost is much lower than average cost. The addition or subtraction of one inmate year for an institutional-based program's output will not increase or decrease the amount of the institution's total costs by an amount equal to average cost per inmate year, but by considerably less than that amount. (And if too many inmates are added but most of the resources remain fixed, the nature or "quality" of the institution's services is also altered.)

The estimates shown in figure 1 indicate that the net criminal justice costs for proposed institutions meeting the Standards analyzed can be expected to be not too different from those of existing institutions, if an allowance for capital costs is included for both. (What this means is that the existing institution [with which a proposed institution is being compared] is not utilizing a 100-year-old facility, but rather one that has been constructed in the last 25 or 30 years so that the facility is still being paid for and/or depreciated.)

The largest difference is expected to be between existing local institutions (jails) and proposed community-based institutions, whose net costs per inmate year are estimated at \$7,041 and 7,925, respectively. The major sources of this difference are the cost of new and expanded programs for community-based institutions (\$1,437 as compared with \$433 for jails) and increased operating costs for custody and support for community-based institutions (\$4,424 as compared with \$3,874 for jails), both of which are somewhat offset by the allowance of \$900 for inmate payments for basic support for the proposed community-based programs.

With an allowance for inmate payments for support (assuming they are paid prevailing wages), proposed state institutions are estimated actually to cost the criminal justice system less per inmate year than existing state institutions, \$8,296 as compared with \$9,439. In addition to inmate payments for support just mentioned, the other major source of cost variation between the existing and proposed state institutions is in operating costs for custody and basic support which are reduced from \$5,011 for existing institutions to \$3,931 for the proposed institutions. The assumption of profitable prison industries, which pay back their own capital costs and support prevailing wages for the 65 percent of their inmates who work in them, is also a very important factor in the lower criminal justice system cost estimate for proposed state institutions (and a less but still significant factor in community-based institutions in which one-third of the inmates are assumed to be so employed).

CONCLUSION

Correctional institutions and parole in the United States are major public programs, accounting for well over \$2 billion annually in public expenditures. It is inevitable that any substantive set of recommendations, such as those in the Corrections Report, would themselves have major fiscal implications. Simply to add up the costs of implementing all the Standards dealing with institutions and parole not surprisingly yields a large dollar figure, measured in the hundreds of millions annually.

But merely adding up the implementation costs does not give a complete or accurate picture of the resource implications of Standards related to these correctional activities. The case for many of the Standards does not rest primarily on their economic implications, but instead on the equity or administrative impact that they would have on the correctional system. In other cases, economic considerations are paramount, but costs are offset in whole or in part by fiscal benefits, either to the correctional system or to other elements in society. In any event, the Standards can be evaluated and implemented singly, or at least in small groups, rather than on an all-or-nothing basis.

When analyzed on this basis, it is clear that many of the Standards for institutional programs and parole have cost implications that are substantially offset by the financial benefits that accrue to the advantage of the correctional system. In addition, economic benefits accrue in many cases to elements of society other than the correctional system: skill training, academic education, or employment that an ex-offender can translate into income; the possibility of lower crime rates; and the likelihood that society's burden of supporting offenders' dependents can be reduced.

Many of the Standards of the Corrections Report imply judgments about human values rather than solely economic costs or benefits. But, as the analysis of this report shows, even an economic calculus of the impact of the Standards must be much broader than simply an accounting of budgetary costs to the correctional system. The dual purposes of this report have been to provide such a calculus at the aggregate level of entire correctional systems, and to illustrate how this analysis can be applied by single institutions or programs in their evaluations of the Corrections Report.

In making decisions regarding Standards for or changes in institutional-based programs or parole, it is important that the policy-maker consider not only Standards and costs and benefits associated with these two programs, but also similar aspects of other correctional alternatives (such as halfway houses and other community-based activities) and other parts of the criminal justice system (such as police and courts). Findings summarized in this report will be related to findings for other correctional programs being analyzed by the Standards and Goals Project, in a more comprehensive report on the cost and resource implications of the Corrections Report for criminal justice systems.

The following figure indicates summary information on comparative costs of eight residential alternatives. Similar comparisons appear in the summary volume on comparisons of community alternatives.

Figure 2

Estimated Criminal Justice System Public Expenditure per Client Year (in 1974 Dollars)
for Eight Types of Residential-Based Correctional Activities

Type of Activity

Existing State Nonjuvenile Institution. This type of institution has structural characteristics like those recently constructed, high-security institutions. Its staff and services are like those of the average state nonjuvenile institution in fiscal 1973.

Existing State Nonjuvenile Institution (Jail). This type of institution has structural characteristics like those of recently constructed high-security jails. Its staff and services are like those of the average state nonjuvenile local institution (jail) in fiscal 1973.

Proposed Community-Based Institution. This type of institution has the structural characteristics of recently constructed mixed-security institutions. Its custodial and support staff and services for high-security inmates are modeled after recommendations on the 1967 Task Force on Corrections, President's Commission on Law Enforcement and Administration of Justice; custodial and support staff and services for low-security inmates are modeled after staffing patterns for existing halfway houses. Program staff and services are associated with specific recommendations for academic and vocational training and libraries in the Corrections Report. Allowances for offender rights' services are also included, based on recommendations in the Report.

Proposed State Institutions. This type of institution has the structural characteristics of recently constructed high-security institutions. Its custodial and support staff and services are modeled after the 1967 Task Force recommendations. Program staff and services are associated with specific recommendations for academic and vocational training, prison industries, and libraries in the Corrections Report. Allowances for offender rights' services are also included, based on recommendations in the Report.

Halfway Houses. Providing Basic In-House Services.

Halfway Houses. Providing Basic In-House Services and Community Resource Referral.

Halfway Houses. Providing Basic Services and Community Resource Referral Utilizing Volunteers.

Halfway Houses. Providing Comprehensive In-House Services.

Estimates for proposed institutions (all except the first two types) do not include allowances (reductions) for client services received. Such reductions could decrease net criminal justice system costs of proposed institutions and by over \$1,000 per year for those clients productively employed and paid prevailing wages in the community or in maintenance or industrial work. The magnitude of such a reduction will depend on (a) the proportion of clients actively employed and commensurately paid, and (b) the types of services for which client payments are collected (only, support and program, etc.).

Figure 2

Estimated Criminal Justice System Public Expenditure per Client Year (in 1974 Dollars)
for Eight Types of Residential-Based Correctional Activities

Activity	Estimated Cost Per Client Year
<u>Institution</u> . This type of institution has structural characteristics like those of low-security institutions. Its staff and services are like those of the average institution in fiscal 1973.	\$9,439
<u>Institution (Jail)</u> . This type of institution has structural characteristics like those of high-security jails. Its staff and services are like those of the average institution (jail) in fiscal 1973.	7,041
<u>Institution</u> . This type of institution has the structural characteristics of reformatory institutions. Its custodial and support staff and services for high-security inmates modeled after recommendations on the 1967 Task Force on Corrections, President's Commission on Administration of Justice; custodial and support staff and services for low-security inmates modeled after staffing patterns for existing halfway houses. Program staff and services for academic and vocational training and libraries in the Corrections Report. Allowances for offender rights' services are also included, based on recommendations in the Report.	8,844
This type of institution has the structural characteristics of recently constructed institutions. Its custodial and support staff and services are modeled after the 1967 Task Force on Corrections, President's Commission on Administration of Justice; custodial and support staff and services for low-security inmates modeled after staffing patterns for existing halfway houses. Program staff and services for academic and vocational training and libraries in the Corrections Report. Allowances for offender rights' services are also included, based on recommendations in the Report.	9,215
Basic In-House Services.	5,973
Basic In-House Services and Community Resource Referral.	6,649
Basic Services and Community Resource Referral Utilizing Volunteers.	5,883
Comprehensive In-House Services.	8,049
Institutions (all except the first two types) do <u>not</u> include allowances (reductions) for client payments for reductions could decrease <u>net</u> criminal justice system costs of proposed institutions and halfway houses for those clients productively employed and paid prevailing wages in the community or institution main- tenance. The magnitude of such a reduction will depend on (a) the proportion of clients able to pay (productively paid), and (b) the types of services for which client payments are collected (basic support etc.).	